

Rocket Science in Business Intelligence:

How Consumer Packaged Goods
Companies Can Turn Big Data
Into Big Breakthroughs

Retail Solutions Inc.

In the consumer packaged goods (CPG) industry, managing big data can seem overwhelming. The top CPG manufacturers distribute their products around the world, translating to billions of bits of information collected each day online and at store points of sale.

As retailers come to trust suppliers as true collaborators, the trend toward sharing more in-store and online data is growing. The onus, therefore, is on CPG vendors to make sense of this data and develop consultative, evidence-based recommendations to improve sales. In short, CPG companies are tasked with driving dramatic improvements in retail execution.

Fortunately, business intelligence (BI) tools have matured to transform the data swarm into actionable, high-value business insights to keep CPG vendors in the driver's seat. Today, modern BI tools provide CPG companies with intuitive analytical abilities to derive meaning from the vast amount of data harnessed — abilities that make them 'retail intelligent.' These tools are powerful and delivered in the cloud to ensure that the speed of their business solutions equals the speed of their business.

And that's not all.

Better Intelligence Drives Better Execution

Winning retailers realize that data sharing empowers CPGs to derive insights and recommendations that drive profitability for both sides, retailer and CPG. By using BI tools, data is accessed in near real time to drive actionable insights, allowing for effective collaboration and predictive analytics. The result is real value for both the CPG suppliers and the retailers.

Prior to modern data sharing programs, retailer data was available through retailers or syndicated data providers like Nielsen, with significant time lags and often at aggregations of weeks. That data was better than nothing and good for historical analysis, but it wasn't delivered quickly and offered very little in the way of predictability or in support of real-time corrective actions. Traditional methods were also unreliable—they didn't leverage the level of detail present in what retailers collect at points of sale. Retailers, and CPG suppliers, then, were practically operating in the dark. Now near real-time data can be leveraged to illuminate critical opportunities. The key is ensuring the data is actionable and not overwhelming.

Retail intelligent solutions include tools that cleanse retailer data and harmonize it with supplier information to provide a holistic

view of all the data gleaned, creating a true picture of what inventory is moving, lowering out-of-stocks (1) and guaranteeing that the insight gained is complete and trusted. Extracting meaning from trusted sources helps predict product demand, drive sales, project ordering patterns, predict promotional volumes and, perhaps most importantly, surfaces retailer data from yesterday to be used to implement course corrections today. Revealing data in near real time helps CPG companies be more agile and excel at engaging retailers in a continuous cycle of business process improvement.

Today's winning CPG enterprises get big results from big data in four steps:

- 1. Gather** — Collect data from sources around the world.
- 2. Cleanse** — Use advanced tools to insure that the data is complete and can be trusted.
- 3. Extract Meaning** — Analyze to gain insight and predict baseline product demand and promotional volumes, drive accelerated sales, and project ordering patterns.
- 4. Drive Decisions** — Use data from yesterday to implement course corrections today and drive discussions with the store managers.

(1) One processed foods manufacturer realized a 60 percent reduction in out-of-stocks and a 23 percent jump in promotional sales analyzing detailed retailer data using BI tools.

Can You See Me Now? Graphical Interfaces Improve CPG Agility.

As essential as harmonized and cleansed data is, it's only useful if delivered in ways that are clearly visualized and easily understood. So, today's best retail solution vendors deliver all of this critical information via an intuitive, graphical front end with charting capabilities that allows CPG companies to easily answer vital questions, including:

- Is a product scanning in the store?
- Is there an availability issue on the shelf?
- How is price point affecting volume?

Illustrative tools (bar charts, pie charts, etc.), maps that drill down to zip codes, and heat maps—graphical, color-coded representations of data—present a visually compelling state of a business. A heat map, for example, can easily illustrate price elasticity: On a map of the U.S., shades of blue indicate prices in each state (the darker the shade, the higher the price); different colored icons layered over that information show unit sales by state. Anyone reading the chart can easily grasp that some states are more price-sensitive than others, and then use the map in-store to build a detailed and impactful argument with a store manager.

Heat Maps Help Avoid Missed Opportunities: A Cold/Flu Season Use Case

Heat maps can be used to improve forecasting. Let's say that a CPG wants to determine which products get a lift from cold and flu season. Using an intuitive front end to analyze data, a CPG decision maker would compare detailed sales information against Center for Disease Control's flu season information to help drive better execution in future flu seasons. Using the heat map, she can view pre-and on-season sales by geography to see what regions got the biggest sales boost. Then, she would view current flu outbreaks (using current data from the CDC) against sales by region by embedding a CDC flu map in the report, and comparing it with a sales map.



What's Next? The Mobile Future

CPG companies gain competitive advantage by using real-time business intelligence solutions that greatly increase the consultative value of in-store discussions. Given the increase of mobile device usage, mobile technologies are poised to have an extremely significant impact on the CPG industry. As a result, the vendors of those solutions are helping to drive analysis and collaborative decision-making by starting to recognize the importance of making their solutions accessible from mobile devices, such as tablets and phones, to present accurate business cases to store managers in-store.

Conclusion

CPG companies use intuitive business intelligence (BI) tools to drive downstream data from billions of data points and turn it into actionable visibility in-store. These tools increase sales, reduce out-of-stocks, improve promotion execution and effectiveness, maximize retail productivity, and, ultimately, improve the end-consumer experience. Simply put, BI transforms big data into great decisions.

Are you ready to go big?



About Retail Solutions

Software as a Service (SaaS) vendor Retail Solutions Inc. (RSi) processes \$400 billion worth of POS data daily and builds out rich data gathered from around the globe. Through retail analysis tools, such as Analyzer, which was developed by RSi partner Strategy Companion, the company supports CPGs to bring market knowledge to bear on the supplier-retailer relationship.

About Strategy Companion

Founded in 2001, and now with over 2,100 customers, Strategy Companion is a leading provider of intuitive, Web-based Business Intelligence solutions featuring advanced analytics, visualization, and data discovery capabilities. Strategy Companion's Analyzer product provides a completely zero-footprint, Web browser-client approach to BI, making it ideal for cloud-based BI solutions, such as those provided by our partner Retail Solutions (RSi).